

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 91-494-W - ORDER NO. 93-73
JANUARY 19, 1993

IN RE: Application of South Atlantic Utilities,) ORDER
Inc. for Approval of an Increase in Rates) DENYING
and Charges for the Water System at May) RECONSIDERATION
River Plantation in Bluffton, SC.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition for Reconsideration submitted in letter form by South Atlantic Utilities, Inc. (South Atlantic or the Company). Because of the reasoning stated hereafter this Petition must be denied.

First, South Atlantic states that it feels that the refund ordered by this Commission in Order No. 92-1037 is unjust, and would cause great financial harm to the utility. The Commission disagrees with this statement since Order No. 92-1037 granted South Atlantic rates which would give the Company a positive operating margin of 1.22%. In fact, the Commission granted an increase from an officially approved rate of \$8.00 per month to \$22.00 per month for the first 10,000 gallons and \$1.00 for each 1,000 over 10,000 gallons. Therefore, the Commission believes that the refund ordered will not really cause any financial harm to the utility itself.

Second, the Company states that despite the fact that the utility raised its rates from \$8.00 per month to \$12.00 per month without Commission approval, South Atlantic could not have raised the rates without the homeowners' consent in its service area. The Company implies that homeowners' consent would cure its failure to seek Commission approval. We disagree. Homeowner approval or disapproval is irrelevant. Failure to apply for Commission approval is the significant factor to be considered.

South Atlantic also states that people move in and out of the May River Plantation service area on a very frequent basis, and therefore only 9 of the 19 current customers have lived at May River Plantation since 1986, the date of the first illegal rate increase, and that giving all customers a refund seemed unjust and unfair. The Commission believes that a apportionment of the refund among the present customers is just and reasonable and avoids making the utility search out former residents of the plantation. Therefore, the Commission upholds its former Order that all current customers (and intervenor Robert Kieffer) shall receive either refunds or bill credits. (Obviously, intervenor Kieffer must receive a refund, since he has now dug a well, and is no longer on the system. See Petition for Reconsideration.)

South Atlantic also brings up a number of matters not raised at the time of the hearing. For example, South Atlantic states that within the May River Subdivision is a community house with a swimming pool, which has never been charged for service for 20 years. Also, the Company alleges that some of its distribution

lines are oversized, and therefore higher rates should be charged to users of these lines. The Commission holds that since these matters were brought up after the hearing in this case, there is no basis to address them within the context of this proceeding, and therefore, the Commission will not take these matters into consideration.

In addition, South Atlantic states that its old billing policy was to allow yearly payments to be made in advance, and to give those customers a 10% discount. The Company states that many of the customers took advantage of this. According to South Atlantic, the Commission's calculation of principal and refund is therefore not accurate. Again, this matter was not brought up during the hearing, and therefore, the Commission will not take this into consideration.

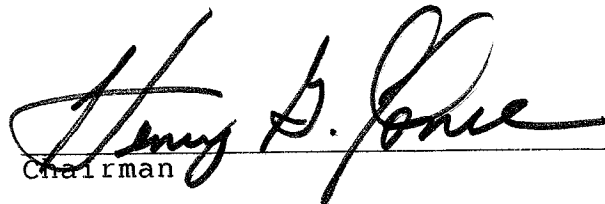
The only other matter to be addressed is the question of South Atlantic disputing the language of Order No. 92-1037, which stated that "South Atlantic is a monopoly and its customers have little choice where to buy their water." The Petition for Reconsideration goes on to allege that this is an erroneous statement, due to the fact that Intervenor Robert Kieffer has drilled his own well. However, the utility notes that, in its opinion, Kieffer is in violation of May River Plantation Subdivision covenants in doing this. Therefore, the Commission stands by its earlier statement. The Commission also believes that it is attempting to work with the utility in this case, in allowing it to either make refunds or to give bill credits for

monies due with the exception of intervenor Kieffer. The utility may do either at its option, with the one exception. Therefore, the Commission believes its actions, and, indeed Order No. 92-1037 were just and reasonable in this case. Because of the above-stated reasoning,

IT IS THEREFORE ORDERED THAT:

1. The Petition for Reconsideration filed by South Atlantic Utilities, Inc. is therefore denied.
2. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

Deputy

(SEAL)